

Instructions for



1989



Want
Your
Refund
Fast?

See Page 2



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Note:

This booklet does not contain any tax forms.

GOVERNMENT
EXHIBIT

19-cv-0415
No. 82

DOJ 005081

List the type and amount of each expense. Enter one total in the amount space for line 25. For more information on these expenses, get Pub. 529.

Expenses You **MAY NOT** Deduct

Some expenses are not deductible at all. Examples are:

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property (but see casualty and theft losses).
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Expenses of:
 - a. Travel as a form of education.
 - b. Attending a seminar, convention, or similar meeting unless it is related to your employment.
 - c. Adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income.

Instructions for Schedule B Interest and Dividend Income

Purpose

Use Schedule B if you are filing Form 1040 and you:

- Had more than \$400 in taxable interest,
- Had more than \$400 in dividends,
- Had a foreign account, or
- Were a grantor of, or transferor to, a foreign trust.

Part III of the schedule asks you to answer questions about foreign accounts and trusts.

Part I

Interest Income

To see what interest income you must report, read the instructions for Form 1040, line 8a, on page 10.

The payer should send you a **Form 1099-INT** or **Form 1099-OID**, if applicable, showing interest you must report. A copy of the form is also sent to IRS. If the total taxable interest from all payers is over \$400, fill in Parts I and III.

Line 1

Report on line 1 the interest portion of any payments you received from an individual based on a take-back mortgage or other form of seller financing that resulted from the sale of your home or other property. Show the payer's name and the amount.

Line 2

Report on line 2 **ALL** taxable interest (other than seller-financed mortgage interest) that you received or that was credited to your account so you could withdraw it. List each payer's name and show the amount.

Nominees. Include on line 2 interest you received, as a nominee, that actually belongs to another person (such as your child). Several lines above line 3, put a subtotal of all interest income listed on lines 1 and 2. Below this subtotal, write "Nominee Distribution" and show the interest amounts you received as a nominee. Subtract these amounts from the subtotal and enter the result on line 3.

Note: If you received interest as a nominee, you must give the actual owner a **Form 1099-INT**, unless the owner is your spouse.

Accrued Interest. When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules above under **Nominees** to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

Tax-Exempt Interest. If you received a **Form 1099-INT** for tax-exempt interest, such as from municipal bonds, report the interest on line 2. Several lines above line 3, put a subtotal of all interest listed on lines 1 and 2. Below this subtotal, write "Tax-Exempt Interest" and show the amount. Subtract this amount from the subtotal and enter the result on line 3. Be sure to also include this tax-exempt interest on Form 1040, line 8b.

Original Issue Discount (OID). If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules above for **Nominees** or **Accrued Interest**, whichever applies, to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

Amortizable Bond Premium. If you are reducing your interest income on a bond by the amount of amortizable bond premium, report the total interest on the bond on line 2. Several lines above line 3, put a subtotal of all interest listed on lines 1 and 2. Below this subtotal, write "ABP Adjustment" and show the amount. Subtract this amount from the subtotal and enter the result on line 3.

Part II

Dividend Income

To see what dividend income you must report, read the instructions for Form 1040, line 9, on page 10.

The payer should send you a **Form 1099-DIV** showing dividends you must report. A copy of the form is also sent to IRS. If the total dividends from all payers are over \$400, fill in Parts II and III.

Line 4

Report on line 4 **ALL** of your dividend income. Include capital gain and nontaxable distributions. They will be deducted on lines 6 and 7. Include cash and the value of stock, property, or merchandise you received as a dividend. If you owned shares in a mutual fund, see **Pub. 564**, Mutual Fund Distributions.

List the payer's name and show the amount of income. If securities are held by a brokerage firm (in "street name"), list the name of the brokerage firm shown on **Form 1099-DIV**.

Nominees. Include on line 4 all dividends you received, including dividends you

received, as a nominee, that actually belong to another person (such as your child), even if you later distributed some or all of this income to others. Several lines above line 5, put a subtotal of all dividends listed on line 4. Below this subtotal, write "Nominee Distribution" and show the amounts you received as a nominee. Subtract these amounts from the subtotal and enter the result on line 5.

Note: If you received dividends as a nominee, you must give the actual owner a **Form 1099-DIV**, unless the owner is your spouse.

Part III

Foreign Accounts and Foreign Trusts

Fill in this part if you had more than \$400 of interest or dividend income; if you had a foreign financial account; or if you were the grantor of, or transferor to, a foreign trust.

Lines 10a and 10b

Check the **Yes** box on line 10a if either 1 or 2 below applies to you.

1. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

Exception. Check **No** if any of the following applies to you:

- The combined value of the accounts was \$10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

● You are an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account is in your employer's name; **AND** you do not have a personal financial interest in the account.

● You are an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than \$1 million and 500 or more shareholders of record; the account is in your employer's name; you do not have a personal financial interest in the account; and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

2. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get **Form TD F 90-22.1** to see if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get the form by writing to the IRS Forms Distribution Center for your state, as shown on the inside back cover.

If you checked the **Yes** box on line 10a, file **Form TD F 90-22.1** by June 30, 1990, with the **Department of the Treasury** at the address shown on that form. **Do not** attach **Form TD F 90-22.1** to Form 1040.

If you checked the **Yes** box on line 10a, write the name of the foreign country or countries in the space provided on line 10b. Attach a separate sheet if you need more space.